



STATE BOARD OF EQUALIZATION

November 23, 1954

A cooperative type store will house a number of concessionaires who will sell to members of the --- at prices below average retail. The concessionaires pay rental of 5 percent of their net sales. In addition, the concessionaries will pay 6 percent as administrative and promotional expense.

A sales invoice might show a selling price of \$100 plus a 3 percent sales tax of \$3 plus a 6 percent administrative fee of \$6. You ask if the tax applies to this charge for administrative fee.

Section 6012 of the Sales and Use Tax Law includes in the measure of the tax the total selling price without deduction on account of labor or service costs or any other expense. The total selling price is the total amount which the customer must pay in order to receive the merchandise. It is our opinion, therefore, that the administrative fee, even though separately stated, is a part of the selling price and is subject to sales tax.

Very truly yours,

Bill Holden
Assistant Counsel

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cc: Oakland - Auditing